



NEWS RELEASE

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PRESIDENT CLINTON'S NEW OPPORTUNITY AGENDA PROPOSES RECORD LEVEL OF INVESTMENT, FINANCIAL ASSISTANCE FOR AMERICA'S SMALL BUSINESSES

WASHINGTON – President Clinton's FY 2001 budget proposal for the U.S. Small Business Administration (SBA) offers a New Opportunity Agenda for small businesses, providing a record amount of financing, contracting and training programs to an ever-growing number of small businesses, SBA Administrator Aida Alvarez announced today.

The proposed budget would fund \$18 billion of loan and venture capital assistance and build on New Markets Initiatives announced last year.

"President Clinton's balanced approach to the FY 2001 budget offers the American people a sound proposal for fiscally responsible tax cuts, for key investments in health care, education and economic growth and the elimination of the national debt by 2013 – a prospect considered impossible just a few years ago," Administrator Alvarez said.

"This budget maintains the fiscal discipline that has brought us unprecedented prosperity, and gives us the tools to extend that prosperity into the future," she said.

"For small businesses and for the SBA, this is a great budget that will allow us to guarantee a record level of small business loans, finance record levels of venture capital and support record levels of business development, technical assistance and innovation. At the same time, it gives us the resources to extend the benefits of economic growth to places it hasn't yet reached."

Administrator Alvarez pointed out that since the beginning of the Clinton/Gore Administration, SBA has focused on newer smaller businesses. Last year, 32 percent of SBA 7(a) loans and 40 percent of Microloans were made to start-ups. The New Markets Initiative builds on that record.

"This budget represents an unprecedented investment in the talent, drive and entrepreneurial spirit of Americans," Administrator Alvarez said. "It will help us to accomplish our basic mission: building communities, one small business at a time."

The total new budget authority proposed for the SBA is \$1.06 billion.

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The President's budget proposal would expand SBA's core financial assistance programs: \$11.5 billion in guaranteed loans for small businesses, up from \$9.8 billion in FY 2000; \$2.5 billion in venture capital support for investments in small businesses; \$3.75 billion in loans under the 504 Certified Development Company (CDC) program, and \$60 million for Microloans, up from \$30 million.

The proposal also reduces fees for the 504 CDC loan program for the fourth consecutive year, simplifies the fee structure for the agency's flagship 7(a) guaranteed loan program and increases the SBA guaranty on 7(a) loans up to \$150,000 to 90 percent.

The budget also provides funds for several of President Clinton's key initiatives, including the New Markets Venture Capital Program, which is designed to increase access to equity capital and technical assistance to women, minorities and to businesses located in low- and moderate-income rural areas and inner cities. It proposes \$150 million in SBA-backed funds for these venture capital companies, and \$30 million to pay for technical assistance for the firms in which they invest. The budget also would provide \$6.6 million for the BusinessLINC mentor/protégé program.

The budget also provides \$5.75 million targeted for Native American small businesses, \$4 million to assist veterans, \$5 million to encourage small business use of electronic commerce, and \$15 million to help small companies bring to market products they develop with federal research and development funding.

Finally, the budget proposal includes funding (\$24 million) for the continuing transformation of SBA into a 21st century leading-edge institution, including modernizing the agency's systems and processes, developing state-of-the-art risk management and internal control systems and ensuring first-class customer service.

Specifically the proposed budget includes:

Access to Capital:

- \$11.5 billion for SBA-guaranteed loans under the 7(a) General Business Loan Guaranty program;
- \$3.75 billion in SBA-backed loans under the 504 Certified Development Company program;
- \$2.5 billion in venture capital assistance under the Small Business Investment Company (SBIC) programs, plus \$150 million for New Market Venture Capital Companies, and \$30 million in technical assistance;
- \$60 million in loans under the Microloan program, and \$45 million in technical assistance for Microloan borrowers;

Business Development Assistance:

- \$88 million for Small Business Development Centers;
- \$10 million for continued expansion of the One-Stop Capital Shop network;
- \$5 million for the Service Corps of Retired Executives (SCORE);
- \$700,000 for Business Information Centers;
- \$3.5 million to U.S. Export Assistance Centers;

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- \$15 million in technical assistance for individuals, small businesses and micro-enterprise lenders under the PRIME program;
- \$15 million under the Small Business Innovation Research program to help small companies commercialize products they develop under the sponsorship of the federal government;
- \$5 million for increasing small business capacity to use electronic commerce;
- \$6.6 million for BusinessLINC – a New Markets initiative linking large and small businesses in mentoring and direct technical assistance relationships;

Advocacy for Small Businesses:

- \$1.5 million for the Office of Advocacy research and database;
- \$500,000 for the Office of the National Ombudsman;

Procurement Assistance:

- \$5 million for HUBZones;
- \$1.67 billion in surety bonding;
- \$5 million for the Section 7(j) technical assistance program;
- \$750,000 for SBA's PRO-Net system;

Disaster Assistance:

- \$871 million in loans for disaster victims;

Women-Owned Businesses:

- \$12 million to support an expanded Women's Business Center network;
- \$1 million for the Women's Business Council;
- \$1 million for a census survey of women-owned business;

Veteran-Owned Businesses:

- \$4 million for increased assistance to Veterans;

Native American-Owned Businesses:

- \$3 million for Small Business Development Centers and Business Information Centers in Native American communities;
- \$1.5 million for Tribal Business Information Centers;
- \$1.25 million of the Business-LINC funds for special projects in Native American communities;

SBA's Modernization:

- \$13 million for upgrading and modernizing SBA's internal systems and processes;
- \$7 million for information technology upgrades;
- \$4 million for staff skills training and development;

SBA's Operating Budget:

- \$452.5 million for SBA's operating budget.

For more detailed information on the President's proposed budget for the SBA, please visit the SBA's website at www.sba.gov.